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Railroads and railroad labor

[Philadelphia, Pa.]

1922

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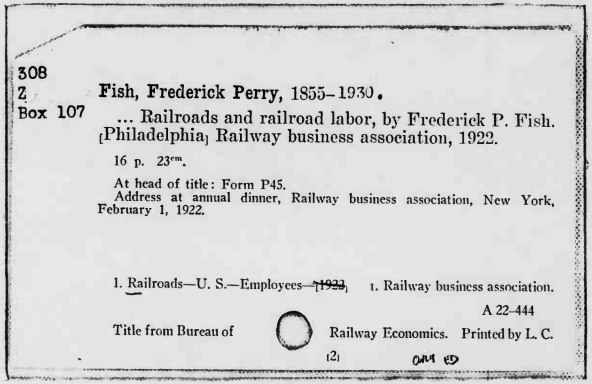

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RAILROADS AND RAILROAD LABOR

BY

FREDERICK P. FISH

RAILWAY BUSINESS ASSOCIATION
1922

REQUESTS FOR COPIES of this pamphlet will be welcome from all those desiring to place it in the hands of their representatives or friends. Copies furnished or sent direct to lists upon application to Frank W. Noxon, Secretary Railway Business Association, Liberty Building, Philadelphia.

Railroads and Railroad Labor

By FREDERICK P. FISH

Chairman, National Industrial Conference Board, Annual Dinner, Railway Business Association, Waldorf-Astoria Hotel, New York, February 1, 1922.

WE have had the privilege of listening to an expert who has talked to us with full information as to certain great phases of this railroad situation which we are considering tonight. You will understand that I am no expert. I am simply a citizen of the country who has lived through the growth of our railroads and observed them to some extent and who has been very much impressed during the last few years with the situation which has developed in this country with reference to our transportation. It is merely as one of the plain citizens of the country that I give you some of the impressions that I have gathered.

At the time of our entrance into the Great War, the people of the United States had every reason to be proud of the railroad system of this country. It covered the land affording transportation facilities to practically every community. It had made possible the building up of population throughout the country. It was recognized as the best railroad system in the world. Its rates were the lowest and its service the most effective. To it was due the fact that our Western grain fields could find a market for their product in Europe. As an illustration of its great efficiency, it is worth recalling that in 1870 the cost of transporting a bushel of grain in Europe was so great as to prohibit its sale beyond a radius of 200 miles from the primary market. As early as 1883, because of the development of our transportation service, importation of grain from the Western prairies of the United States created an actual crisis in every European country. The investment in American railroads was substantially over 15 billion dollars.

Notwithstanding large increases in main tracks, sidings and equipment, the capital per mile of road had increased but slightly since 1890, although there had been large additions and vast improvements in locomotives and other rolling stock and in the character of the road bed and the plant generally and increased efficiency of operation everywhere. Moreover, travel had become very much safer. In 1900 a passenger's risk of being killed on a train was one in 182 million miles run; in 1910, one in 196 million miles run; in 1920, deaths of passengers in train accidents were substantially one-third as frequent as in 1890 and from other causes, less than one-fourth as frequent.

PUBLIC HOSTILITY

And yet the railroads were by no means happy. For reasons for which most unfortunately the railroads were to a considerable extent responsible, the public, which had demanded the tremendous expansion of railroad service and encouraged it in every way, became convinced that the methods of

railroad management that prevailed required regulation, and from and after 1888 the affairs of the railroads were regulated under authority of Acts of Congress by the Interstate Commerce Commission and to a substantial extent by State Boards of a like character. By 1910 that regulation had gone so far as to tie the hands of the management of the railroads to a marked degree.

It seems clear that regulation was necessary. It has undoubtedly come to stay but it is questionable whether in the extreme form which it has taken, its advantages at the present time are not almost outweighed by its disadvantages. The problems of railroading are so difficult and the situation so confused and complicated that it would require men of superhuman character and intelligence, sitting as a Board in Washington, to handle such a colossal task with the requisite fairness, intelligence and promptness. There is no doubt that important and valuable as has been the control by the Interstate Commerce Commission, many evils have followed from such far reaching interference with railroad affairs. In any event, for some time prior to the Great War, the development of the railroads had been checked. Lately more miles of track have been abandoned than have been built, in spite of the continued growth of population and of business. The revenues of the railroads and their power to finance themselves had, before 1916, been reduced so that they were unable to keep up their equipment to the proper standard or to get the capital required for much needed improvements. For example, the electrification of railroads to the desired extent had been impossible and if the statement made on good authority that two pounds of coal in an electrical plant will do the work of six pounds on a locomotive, is anywhere the truth, it was distinctly uneconomic that the situation of the railroads should be such that they could not face this problem of electrification, promising as it did many advantages other than economy in fuel.

WAGES GREATLY INCREASED

But there was one most important phase of railroad operation which still remained largely in the hands of the railroad management. The railroads to a large extent were free to deal with their employees in the matter of wages and working conditions. There was great pressure on them to deal liberally with their men in this regard and in willing response to this pressure, there had been a constant and definite improvement in the matter of wages and working conditions. Wages had been greatly increased since the year 1900 and strenuous efforts had been made to insure the safety and promote the comfort of the railroad employees. In spite of the expenditures required for this purpose and the greatly increased strain upon the finances of the railroads in all directions, freight rates had not increased.

Meantime, with the railroads as with industry in general, there had been a development of labor organizations which, whatever may have been their value in promoting the interests of the railroad employees, rendered the task of establishing and maintaining proper relations with the men distinctly more difficult. Strikes and threats of strikes with the terrible consequences

of tying up transportation, played a disturbing part in the railroad industry as in others.

But the difficulties of excessive regulation and of labor domination which existed prior to the Great War were accentuated to a startling degree as soon as this country entered the field on the side of the Allies.

WAR'S BAD CONSEQUENCES

One of the most striking and certainly, to me, the most inexplicable feature of our National policy during the Great War was the attitude of the national administration toward labor questions. The problem was, of course, most serious and difficult. To win the war, production and transportation had to be maintained at a high level of efficiency. The refusal of men to work would have led to disaster. The more efficiently they worked, the greater the chance of victory. It was undoubtedly a matter of the highest national importance that there should be developed a spirit of loyal cooperation among laboring men which would lead them to do their best but, in my opinion, there is no good reason to believe that it was necessary that they should be bribed by unreasonable and excessive concessions to do their plain duty as citizens in the trying times through which we had to pass.

It almost seemed as if those who were responsible felt that no reliance could be placed upon the patriotism of the American workmen and that they could only be kept at work by extravagant inducements. In any event, from 1916 when the Adamson bill was passed (ostensibly to meet the threat of railroad strikes that would have paralyzed the industries of the country as well as the efforts of the nation), concessions were made to the workmen almost more rapidly than they were demanded, which have resulted in a situation, as far as the railroads are concerned, which is of a most serious character.

Consider for a moment what has happened.

Before the Adamson bill went into effect, the amount paid to labor by the railroads in the United States was $1,468,000,000 per year. The Adamson bill carried this expenditure for labor in 1917 to over $1,739,000,000. On January 1, 1918, the railroads were taken over by the Government and in 1918 the cost for labor on the railroads was over $2,613,000,000. In 1919, while still under Federal control, the labor cost was over $2,843,000,000. The Federal Government gave up its control of the railroads May 1, 1920, but the Labor Board established under the Transportation Act again increased the wages of the railroads so that in the year 1920, they amounted to over $3,698,000,000.

Thus the cost of labor on the railroads increased 150% between 1916 and 1920.

In spite of the great increase of gross revenue, these tremendous increases in expenses reduced the proportion of the gross revenue that was available for fixed charges and dividends from 29% of the gross revenue in 1916 to practically 1% of the gross revenue in 1920.

The increase in wages for this period was out of all proportion to the increase in the cost of living. Taking the cost of living in 1914, at the beginning of the Great War, as 100, the cost of living July 1920 was

204, January 1921, 181.2, June 1921, 161.9, July 1921, 163.1.

Railroad wages, as compared with those of 1914 taken as 100, were in July 1920, 271, January 1921, 274, June 1921, 269, July 1921, 232. They were substantially higher than the wages in other industries.

Considering the matter of purchasing power, the wages of the railroad employees, in spite of the high cost of living, gave them a purchasing power in July 1920 of 133 as compared with 100 in 1914; in January 1921 of 151; in June 1921 of 166 and in July 1921 of 142.

A reduction of 12½% in railroad wages took place in July 1921 and accounts for the reduction of that date as shown in the above figures; but it must not be forgotten that since July 1921 the cost of living has gone down still further and there is no doubt that at the present time the real wages of the railroad men, from the point of view of purchasing power, are fully equal to those which they received before the cut in July 1921.

WORKING CONDITIONS

But these tremendously increased wages do not tell the whole story as to the embarrassment of the railroads from Government interference.

Even after the Adamson bill became law, the railroads still had, to a large extent, the power to deal with their men as to working conditions; but this was taken away from them by Federal control and by the national agreements which were entered into with the workmen during the period of Federal control. These agreements were of the most extraordinary character. They were entered into during the last seven months of Government control, but by the Transportation Act were continued in force until September 1920 and were then continued for a time by the Labor Board appointed under the Transportation Act. The Board has only recently taken up the matter of modifying these agreements. Many of their conditions are still in force.

To one who reads these agreements and studies the way in which they have been applied in practice, it would seem that nothing so extraordinary by way of alleged regulation of working conditions was ever devised. They go a long way towards forcing the railroads to operate as a closed shop, bringing the labor unions into a position of dominance as far as discipline is concerned. They are most complicated. In many instances their meaning is not clear and their validity is open to question. They seem to have been devised clearly to raise wages indidirectly and in a hap-hazard fashion. To a marked extent they interfere with efficiency. They abolish piece work. They enforce uniform conditions of pay and work in all locations from Maine to California and from Oregon to Florida, irrespective of local situations which in any reasonable scheme would involve marked variations corresponding to the different conditions in one part of the country as compared with another. They arbitrarily make skilled mechanics at a high rate of pay out of employees who have no qualifications for that rank. They classify the workmen and their duties in such a way that in any number of instances three or four men, often skilled and high priced, are obliged to be employed at full pay

and even extra pay on a job that could be done perfectly well by one man of lower grade.

LABOR WASTE

They force the payment of high wages and often of large payments for over time figured in many instances on an unreasonable and arbitrary basis, not only for periods at which the men are at work but for time spent in sleeping, eating and loafing, for which on no reasonable ground were they entitled to any pay at all. The rules as to seniority of employment are such as to lead to marked inefficiency and those as to apprentices seem quite unreasonable. One rule, as it has been construed and applied, forces payment for five hours because of a few minutes actual work. The railroads have been obliged to pay many million dollars per year because of these rules as to working conditions, for which there seems to be no justification whatever unless the policy is accepted that by artificial regulation, a particular class of workmen are as a matter of right to receive a compensation out of all proportion to services rendered.

While the Labor Board appointed under the Transportation Act undoubtedly recognizes the evils inherent in these rules and has already modified them, so long as such rules are in force, the difficulties in reshaping them are so great that the Board may be expected to hesitate to make promptly the earnest and comprehensive effort that is required to put them into a reasonable form and to eliminate all their apparent absurdities. In other ways the results of the period of control by the Federal Government have been most disastrous and the mere matter of adjusting the accounts between the railroads and the Government is so difficult and complicated, that, important as it is that there should be a prompt settlement, there seems no hope that one can be reached until after intolerable delays.

EFFECT UPON NET INCOME

Meantime the railroads as a whole are without resources for necessary expansion and development. They are barely able to earn operating expenses, not to speak of the necessary improvements in plant and equipment that can not be postponed without disastrous results. Their earnings are nowhere near what is needed for the payment of their fixed charges and the dividends which they must pay if they are to attract the enormous amount of capital which they need.

And yet while their rates have not been increased to anything like the extent necessary to enable them to live, those rates are so high as to embarrass industry and to hold back the chances of improvement in general business.

The public seems to have a real appreciation of the difficulties under which the railroads are laboring but can not be blamed for resenting the high rates which would definitely stand in the way of a revival of business even if other conditions made such a revival possible.

We are passing through a crisis. There has never been a period in history in which were so many disturbing conditions which interfere with normal activities and the restoration of normal conditions. We are not yet through with the disastrous results from the war. The aftermath of that catastrophe seem to be almost more serious to the world's prosperity than

was the war itself. Many of the difficult conditions we have to face are international in character. No one can foresee how they can be solved; but here in this country there is certainly no problem requiring solution that is so important and so vital as the problem of the railroads.

We must have adequate transportation facilities throughout the country operated with the greatest possible efficiency. Otherwise, neither internal nor foreign commerce can be revived or carried on so as to enable the productive power of our great population to support our people in comfort. Incidentally it is to be remembered that under normal conditions, our railroads are the greatest of our consumers and purchasers. If they were restored to a position where they could really buy what they need, they would be in the market for an amount of goods which it would tax our industries to produce. A revival of their purchasing power would be almost of itself sufficient to bring within reasonable limits the unemployment of capital and labor which is so deplorable at the present time.

GOVERNMENT OPERATION

A most serious aspect of the present intolerable conditions is that a continuance of them might lead to sympathetic consideration of Government ownership and operation of the railroads as the only solution of the difficulty, a method of dealing with the situation which is today definitely repugnant to the people as a whole and to all our American standards and ideas. The whole experience of the world demonstrates what a national calamity Government ownership and operation would be. Our own experience of Federal control, brief as it was, has, I believe, satisfied the country of the incapacity of Government in the railroad field. And yet we did not have operation by the Government long enough to suffer all that is surely involved in the proposition. We realize how uneconomic and inefficient it was and must be and therefore repudiate the idea. But consider, as one further element, what a power for evil in our politics would be the addition to those in public employ of the millions in the railroad service who would be sure to organize, as they have already, to promote by bringing combined pressure on law makers and Government officials their purely selfish interests. So large a minority might easily dominate in politics as the labor organizations have tried to do already. Even in radical Australia, where the population is not as large as that of the City of London, where the railroads are relatively insignificant as compared with ours and where social conditions are comparatively simple, the people have been forced to restrain the political activities of the employees of the Government owned railroads and with no very satisfactory results as I understand. We must not have Government ownership of the railroads; and yet if matters go on from bad to worse, as may happen, there is surely danger that more people will think of it as the only way out of an intolerable situation.

What then shall we do? Accepting as we must the continued regulation of the railroads by the Government as a principle to which we are likely to adhere, is it not clear that every effort should be made to insure that that regulation should be altogether sane and wise; that its field should be entirely

definite and that it should go no further than the necessity of the case requires?

TRANSPORTATION ACT INADEQUATE

The recent Transportation Act known as Esch-Cummins Act, which was superimposed upon the other already existing regulatory legislation, seems an honest attempt to improve the situation. Among other things it clearly recognizes that the railroads must have a net revenue adequate for the payment of fixed charges and such moderate dividends on shares of stock as will attract investors and enable the roads properly to finance themselves; but a mere reading of the Act satisfies one that it is so complicated and confusing as surely to be ineffective and experience in its operation demonstrates how inadequate it is.

Among other things it seems to impose on the Interstate Commerce Commission a real obligation to establish railroad rates on a basis which will insure proper net earnings, available for fixed charges and moderate dividends; while at the same time the fixing of wage rates and rules as to working conditions, which might result in costs of operation so large that the public could not stand the rates necessary to enable the railroads to carry the burden, seems to be entirely in the hands of the Railroad Labor Board, an altogether separate instrumentality.

The two Boards may and undoubtedly will consult informally but it is utterly impossible that their work should be so coordinated as to lead to an effective result. If there must be any outside control of railroad wages and working conditions which is at least doubtful, is it not clear that there should be but one Board, as large as is necessary and having such internal organization as may be required which shall control, as far as there is any control, both ends of the situation—the fixing of rates to be paid by the shippers and the fixing of wages and other costs which can be controlled by authority and which practically determine the transportation charges which the railroads must make, for they must be sufficient to meet their expenses?

REGULATION CARRIED TOO FAR

Is it not equally clear that by the terms of present legislation, regulation is carried altogether too far in some directions? The railroad management is today helpless in dealing with its men. Its hands are tied. Is it not certain that it should be at once restored, in part at least, to the situation which existed before the days of Federal control, when the management and men settled their own relation by negotiation and conference? The results of their efforts in this regard were by no means always satisfactory. There was often friction and always the danger of strikes, a danger which seems not to be eliminated by the legislation which has attempted to deal with it. But it should be seriously considered whether the determination of such matters should not be left with the parties in interest who know the situation much better than any outside authority. If they approach it in a proper spirit they should surely be able themselves to agree upon what is right and fair.

It must not be forgotten that we are in a new era in so far as the atti-

tude of railway management and of industrial management in general towards their employees is concerned.

It is every day becoming more clearly recognized that management in all enterprises must get closer to the workmen, that employer and employee must be more frank in their relations, that the views and aspirations of the employees are entitled to more consideration than has been given to them in the past. There is every reason to believe that a new spirit is abroad which has the full sympathy of management and must ultimately commend itself to employees, which if it can have a right of way unhampered by unreasonable outside control, either by Governmental agencies or by labor unions encouraged by such Governmental agencies, promises more for a solution of labor troubles and the ending of the utterly unnecessary and uneconomic struggle between employer and employee than anything else which has been developed or advanced. This is illustrated by the present position of the Pennsylvania Company, whose attitude seems to me most commendable. If that Company is not hampered by the imposition upon it of the burden of unreasonable outside control and of what is substantially the closed shop, I believe that it can work out on the lines of its present policies towards its employees a really cordial relationship between management and men which will be most helpful towards industrial peace.

A COMPETENT SURVEY

I have no time to speak of other specific features of the present situation which surely need fundamental revision. Some of them, like those to which I have referred, seem to require immediate action on the part of the Governmental agencies which have so drastic a control of the situation. As to the entire matter, those agencies might, I think, well revise their attitude after careful study of the situation *as it now exists*, to determine whether their point of view and even their general principles, which were formulated when conditions were utterly unlike those existing today, should not be revised; whether they should continue to be so firmly bound by the traditions of their own departments. I go farther. In view of the tremendous complications of the law, of the rules of the controlling Boards and of the situation generally, and in view of the fact that conditions are now utterly unlike what they were, not merely thirty years ago but eight years ago, has not the time come when there should be a survey of the entire situation by competent men to determine, as of today, just what should be the nature, limitations and character of Governmental regulation of railroads and what machinery and methods are best fitted to secure the best results?

A great difficulty in all the infinite number of Boards and Commissions which have been created during the past thirty years, ostensibly, and really to a substantial extent, to protect the public against the evils of unregulated methods in industry and transportation, has been that those Boards have been given drastic control of a delicate and complicated situation with few established principles, and those generally vague in character, to guide them and have been forced to feel their way. Sometimes they profit by their mistakes but sometimes they develop traditions, based on policies which seemed adequate for a certain stage of their work, from which they

find it hard to depart as conditions change. With all the experience, the results of which are now available, it might well be that a new study of the railroad situation would result in the enunciation of real principles. Essentials could be determined and clearly stated. Unessentials could be definitely eliminated. Erroneous points of view could be modified or corrected. Surely methods and procedure could be vastly improved.

Congress can not be trusted to do this work. It has far too much else to do; it is too unwieldy; and it is of prime importance that politics should play no part in it. Existing Boards and Commissions can not well do it. They have worked too long on the old lines and are likely to be too rigid and bureaucratic. It can only be done effectively by a special group of the most patriotic, sincere and able American citizens, who will give to it the large amount of time and the necessary intensive study. Such men can be found. They need not be railroad men either from the side of management or the side of labor. They should be high grade men working devotedly in the public interest. Their prototypes are Mr. Root and Mr. Hughes who have served so well in political and international relations but who, as private citizens, were men of the first rank.

SIMPLIFYING THE LAW

A Board so constituted could surely give to Congress and to the public an analysis of the existing situation and of the problem, and suggestions as to the solution of the problem that would be of the greatest value. It could think out and work out the extent to which regulation on the one hand and freedom of action on the other were desirable under present conditions; it could suggest simplification of the present laws; it could indicate how they could be supplemented or modified with the view to clearness and certainty; it could suggest new methods and how old methods could be improved that certainty of operation and, almost above all, prompt action might be secured. There would undoubtedly have to be a controlling Board or Commission. If other Boards were to be established, it could make suggestions with the view that their powers should be well defined and their relations to the Board of ultimate control, the Interstate Commerce Commission, for example, clearly determined.

It could substitute certainty for uncertainty in all directions. It could, in view of past experience, formulate a carefully thought out program as to the extent and character of the regulation required to meet the needs of present conditions and, in general, devise methods for applying such regulation in the simplest and most effective manner possible. Congress is incapable of doing such work well and no casual conference would be equal to it. But first rate men could be found upon whose report the law makers could act with very great confidence. It would be a great undertaking but its importance and the contribution that it might well make to the public welfare commends the scheme and should attract for such service the very best men in the country.

DOMINATION OF UNIONS

In dealing with the railroad situation, there is one issue of transcendent importance which must be fearlessly and squarely met by the American

people and that is the extent to which labor unions shall be allowed to dominate in railroad affairs. The same issue has to be met, outside of railroads, in all the productive industries; but serious and important as is this matter in other fields in connection with our systems of transportation and their development, it is vital and momentous to the last degree. National prosperity on which the welfare of every citizen, whatever his place in the community depends, absolutely requires continuous and regular railway facilities of the highest grade giving the very best and cheapest service. The farmer can not live unless he has cheap and adequate transportation for his products throughout our great land. Productive industry and commerce are equally dependent upon efficient railroad facilities. The cost of living of every one, including the railroad employees themselves, is largely determined by the efficiency and cost of railway service. And it is the public that pays the cost of the service.

The railroads today are without resources. Even at the substantially higher rates which they are now allowed to charge, they can not do their work well and they can not finance themselves to meet the strenuous demand for improved plant and equipment and for the extension of service that is and will be required. Certainly they can not help in the restoration of normal business conditions, which is of such overwhelming importance, by submitting to any reduction of rates. Congress by the Esch-Cummins bill, has recognized the situation and tried to remedy it, without much success as yet. If the existing evils are not corrected and the public, in desperation, gets into a frame of mind where it will demand Government ownership, matters would only go from bad to worse; for Government management would surely be grossly inefficient, and destructive taxation would be absolutely required to make up greatly increased deficits in operation. Moreover, the whole matter would be thrown into politics where efforts to secure class domination to promote the selffish interests of employees might even more easily prevail than is possible under existing conditions.

WAGES AND COST OF LIVING

It is safe to ignore the talk of some that by way of remedy large savings in railroad operation are possible, for it seems, very clear that there is no great opportunity for such savings and that the railroad management fully realize where savings can be made and is making every effort to effect such savings. The real difficulty is simply that the costs of operation are extravagantly high. And in considering these we may pass over the fact that all goods purchased by the railroads are high in price largely because of the enhanced labor cost of such goods. This matter is of relatively small moment and will take care of itself as the cost of living continues to fall and wages in industry come to a normal level, as they will surely do if not controlled by artificial conditions as will probably not be the case. The real trouble with the railroads is the extravagantly high cost of railroad labor because of the extraordinary scale of wages that has been forced upon the roads and the effect

of the "rules as to working conditions," which force such extravagant payments without pretence of corresponding service.

But the railroad unions are firmly resolved that these conditions shall not be corrected. By the accident of the war, their control of wage earners employed by railroads, as well as of railroad conditions, was greatly increased. Their power as the alleged representatives of the men was much strengthened. But their real reliance for a successful resistance to the readjustment which is required by the necessities of the situation, by economic laws and by a public interest, which they should surely respect, is the strike. If by strikes they can stop transportation and thereby not only destroy business for a time but cause suffering and hardship to the women and children as well as the men of the country, they have a brutal weapon at their disposal which they seem ready to exercise, regardless of the rights or necessities of others, to promote their own selfish ends.

No one can think of the results of railroad strikes covering a considerable territory without fear, and it is because of this fear that the railroad unions hope to force the community to make any sacrifice rather than to face the possible consequences of opposition even to the most unjust demands. It was fear of a strike which led to the passage of the Adamson bill. It was fear of a strike which led the Government to yield to such an unreasonable extent to the demands of the unions during and after the war. It was fear of a strike that last year stood in the way of the necessary readjustment of the deplorable conditions in the railway service. Can it be that the great American people through fear will hesitate to do what is essential to their well being? Can it be that they are helpless in this emergency? The answer must be "No" to both questions.

ATTITUDE OF UNION LEADERS

The people, through Congress, and the press and the public forums have already spoken in no uncertain terms. The Esch-Cummins bill while complicated and perhaps not wise in all its provisions, was a definite announcement that nothing must stand in the way of the continuity of railroad service and the readjustment of conditions which the public interest requires. And how has it been received by the labor union leaders? With open contempt. They criticised its very mild provisions which were calculated to prevent unreasonable strikes and openly stated that they would not obey the law if it interfered with their selfish program. They have continued their threats to the present time against the law and the Boards which are to carry out the law. Congress can, I believe, be relied upon to use all the power of the Government to protect one hundred and ten million people from arbitrary ill advised and brutal class action based on the selfish greed of the leaders of a group of two million men, who insist that they and those whom they purport to represent shall be in a special class with special rights and privileges which they propose to exercise to an extent destructive to the public interest because they have, as they contend, not the right but the power, by reason of the character of their employment and the vital necessity of continuous service on their

part, by strikes, to cause public disaster.

LABOR'S WAR GAINS

The wage earners on our railroads are men of as good a type as those of any other group of our citizens. They are, for the most part, law abiding and patriotic and no more selfish than the rest of us. Individually, like most of our citizens, they would gladly make sacrifices for the public good. Here they are not asked to make sacrifices. No one for a moment would suggest that they should not be well paid and that their working conditions should not be all that they can rightfully demand. They are only asked to recognize a situation of overwhelming public importance in which they are called upon to forego certain artificial and unreasonable advantages over all the rest of the community which came to them as an incident of the war.

I believe that in so far as they understand or can be made to understand the situation, and many of them do understand it, they would never follow their leaders in a course so unwarranted as a strike to maintain a position of accidental and unrighteous advantage over their fellow citizens. They know that we all respect them and that proper wages, proper working conditions and proper standards of living will be assured to them, by regulation if necessary. Their railroad unions may have been of real service to them in the past and, in so far as they have served the railroad wage earners well, they have benefitted the entire community. But the question is, what is the attitude of the unions today? And no one who studies the subject can doubt that in many important particulars it is hostile to society, hostile to law and the principles of good government, and definitely hostile to the public interest, including the real paramount interest of the railroad wage earners themselves.

PEOPLE WILL NOT SUBMIT

There has been another direction from which the voice of the American people has been heard. When the great strike was threatened last year, there came everywhere from the people the cry: "We demand justice; we insist upon fair play; dreadful as will be the consequences of a strike, we do not fear it; we will suffer if need be in the cause of fair dealing and sound principles. By our sufferings we shall build foundations for the future that will stand firmly against any threat to our institutions or any attack based upon artificial class interest, actuated by a short sighted policy based primarily upon selfishness and greed."

The country was ready for the strike. The people had made up their minds that they would endure to the end. Intelligent and loyal volunteers were everywhere ready to give their services. If the strike had come, it would surely have failed as such unconscionable efforts must always fail in a community of sufficient character to be entitled to survive.

But the strike did not come. In the face of so determined a public sentiment, the union leaders recognized that such action would be futile. It is at least doubtful if the leaders could have carried with them enough of the railroad wage earners to save the strike from ignominious failure at the beginning. This episode is a striking illustration of the power of public sentiment in a community like ours and it is upon public sentiment that we must rely not only to make strikes,

particularly on our railroads, impossible but to see that order is brought out of chaos in our railroad situation. Much may be accomplished by well devised legislation. It is not impossible that we may find some way by law to prevent or control strikes, on our railroads and even in our industries generally, without undue interference with any fundamental rights of the citizens of a free country. There is really no reason why a soldier should not be as free to shirk his obligations as a railroad wage earner who has committed himself to loyal effort in a service upon the continuity and regularity of which the whole life of a nation depends.

At one stage in the passage through Congress of the Esch-Cummins bill, there was in it a provision which practically forbade strikes on a railroad, under legal penalties. In Kansas they are attempting to control strikes by law. A strike is the result of a conspiracy and conspiracies to do incalculable harm, are certainly subject matter with which the law, which is intended to protect the community and individuals in the community, might well deal. The controlling reason why the law has not already extended its field so as to deal justly with this kind of oppression and wrong, is because of the difficulty of enforcing the law against large numbers of men who are organized to act unlawfully.

INCORPORATION OF UNIONS

This is a real difficulty. I doubt if it can be successfully met until labor unions are forced, as they might well be, to organize in corporate form. Then they could be regulated by public authority as are other corporations and if they violated a law, the officers of the unions could be held responsible and punished. Public sentiment would recognize them as real law breakers and would have no sympathy for them; while it is but natural that it should feel differently towards the rank and file of workers who, even if they break the law,are chiefly culpable because they sacrifice their manhood, their individual judgment and their sense of right by blindly following leaders whose policies are antisocial and purely selfish, in many cases selfish in view of what they regard as their own individual interests regardless of right and even regardless of the real interest of those whom they are supposed to represent.

But whether or not proper and effective laws can be devised is of relatively small consequence if public sentiment is on the right side. On the fundamental issue whether the unions, which means the union leaders, shall dominate the railway situation by threat of the strike, whether they shall control in railway management and be supported in such domination and control by Governmental agencies, the attitude of the public is of the utmost importance. I believe that at the present time the public is on the side of strong, just and fair dealing with the whole situation. It will support prompt and courageous action on the part of the Government, the Governmental agencies and the railroad management to reestablish our railroads on a sound basis that will enable them to fulfil their vital obligations to society and do their part towards restoring and maintaining sound industrial and economic conditions. It will demand fair treatment for the wage earners as well as for the railroads. It will insist that the unions shall be

free to develop on all lines that are in the public interest, recognizing that they have been of service in the past and are capable of real service in the future if they will mend their ways. But the public will not stand for the present situation or for conduct on the part of any group or class which is destructive to the efficiency of the agencies of transportation and distribution which are at the basis of our national prosperity.

EDUCATE PUBLIC OPINION

Every effort should be made to educate public opinion on right lines, that it may be in a position to judge between the unions and the people. The railroad managers should surely study this public sentiment with the utmost care. They should use every effort to disseminate the truth, as they see it. They should recognize that one of their imperative duties is not only to educate the public but to understand its attitude and persuade it that they will as far as possible conform to its views and instincts. They must not be swayed from the sound exercise of their great responsibilities by popular whim but if they once secure the confidence of the public, and I believe that they have it today to a greater extent than at any time during the past forty years, they will find the people of the country reasonable and ready to give real cooperation in their efforts for the public good.

Particularly should railroad management recognize the prime necessity of fair, just and liberal treatment of their employees upon whose faithful service so much of vital national importance depends.

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